

State of the County

Clermont County

March 2009

It's the Economy.....

- ▶ Economic indicators do not point to any recovery until late 2010 at the earliest (PNC National Economic Outlook)
- ▶ Ohio unemployment is expected to rise from 7% to over 10% by the end of 2009 (Global Insights projection)
 - Clermont County unemployment increased by 3,700 in year ending January 2009 to 9.2% Unadjusted (ODJFS)
- ▶ Retail sales continue to decline due to lower demands and price discounting
 - 2008 Holiday season worst since 1970
 - Sales Tax leakage
- ▶ Nationally, housing starts forecasted to be down over 35% in 2009 (PNC National Economic Outlook)
 - Feb YTD Clermont single family permits down 32%
- ▶ Ohio FY09 revenues currently 7.4% below FY08
 - Bulk of drop in tax receipts (sales, income) which impacts our LGF receipts

County Priorities

- Economic Development
- Transportation Infrastructure
- Government Fiscal Stability
- Utility Infrastructure
- Open and Transparent Government

Economic Development

- The County Commissioners recognize that economic development is crucial to the short and long term vitality of Clermont County and county investment is important to restart local government revenue growth in the county.
- Collaborating through the ED3C, the TID, the CIC, and the Office of Economic Development, the County Commissioners have engaged in an aggressive economic development program, investing in infrastructure improvement, “shovel-ready” site development, image enhancement, and improved communications with the business and development community.

Early Initiative Strategies

- Create a shared economic vision through the Commissioner's "One Clermont" initiative.
- Create a shared economic agenda through the community prosperity partnership initiative.
- Create a shared political agenda through a focused government relations initiative.
- Create the Commissioners' Economic Opportunity Initiative Fund.
- Link the transportation corridor initiative to economic development priorities.
- Link the comprehensive plan initiative to economic development priorities.
- Develop a cluster-based strategy initiative.
- Link our business attraction and retention efforts to a rigorous cluster based strategy initiative.
- Link a renewed workforce development and training system with a cluster-based strategy initiative.
- Develop a County economic analysis system capability.
- Evaluate the County's economic development incentive strategy to reflect changes in the local, regional and state economy and tax structure.
- Refocus incentives where they count most and set job creation and investment goals.
- Develop an asset-based strategy initiative.
- Create a County vision for economic development and competitiveness and apply it across all county programs.
- Link our "unified plan of work" initiative to supporting economic development initiatives and priorities.

Economic Development Investment

- Obligation to the future requires aggressive pursuit of economic development in Clermont County
- Benefits
 - Residents - access to good paying jobs, employment opportunities for our children
 - Taxpayer – lower tax rates, better schools, higher quality of life, wealth accumulation
 - Local government-sales tax will increase, property taxes will increase, fees will increase without raising rates.

Economic Development

ED3C

- Public Private Partnership
- Early Strategic Initiatives
- Integrate Transportation Investment and Economic Development
- Targeted Industries Strategy
- Focused Governmental Relations Initiative
- Increased participation in GCCC partnership

Overview of Growth for 2008

- Almost \$47 million in real and personal property investments were announced in 2008
- Creation of approximately 500 new jobs
- Construction or occupancy of 673,000 square feet of office, commercial, and industrial facilities.

Growth Projects 2008

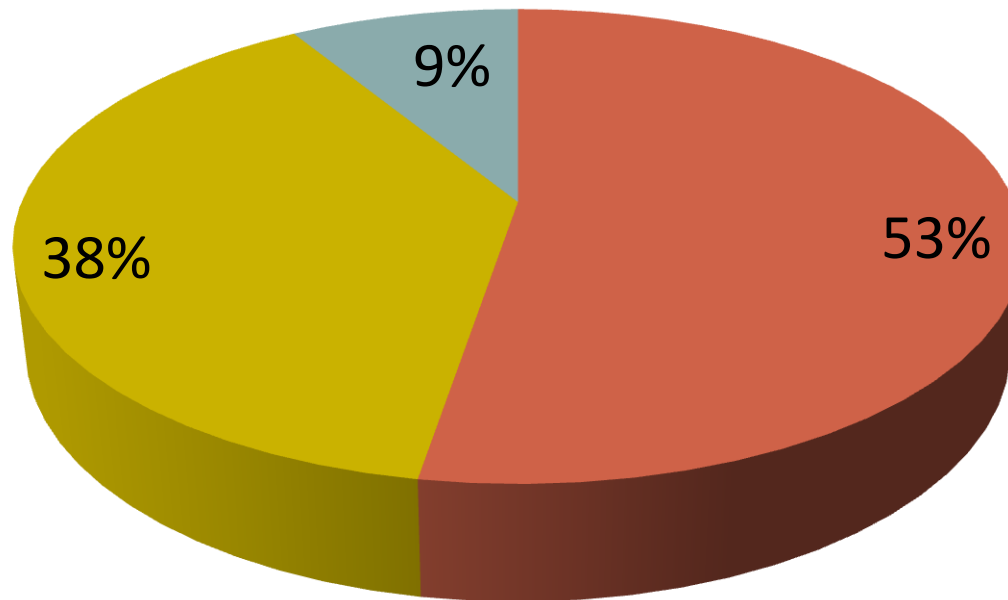
| Company | SF Absorbed/Constructed | New Jobs | Total Investment |
|------------------------------|-------------------------|------------|---------------------|
| Aggreko | 16,500 | 10 | N/A |
| American Nursing Care | 35,000 | - | \$900,000 |
| Buffalo Wings | 9,275 | 10 | \$450,000 |
| CCMR Group & EHS Electric | 15,000 | 2 | \$900,000 |
| Cincinnati Print Solutions | 8,000 | 2 | \$450,000 |
| CKS Solutions | 72,000 | 60 | \$3,000,000 |
| Foundry Warehouse | 6,000 | 5 | \$200,000 |
| Imbus Business Park | 40,000 | - | N/A |
| International Paper | 0 | 7 | \$300,000 |
| Kennedy Creative | 3,600 | 8 | N/A |
| Midland Insurance | 35,225 | - | \$1,000,000 |
| Milacron | 20,000 | 60 | \$500,000 |
| Pinebrook Senior Living | 150,000 | 30 | \$17,000,000 |
| Senco (HQ and Manufacturing) | 203,000 | 249 | \$19,000,000 |
| Slice of Stainless | 21,000 | 9 | \$763,000 |
| Star Systems | 18,000 | 4 | \$965,000 |
| Superior Steel Service | 20,000 | 7 | \$1,271,000 |
| TOTAL | 672,600 | 463 | \$46,699,000 |

Overview of 2008 Retention Program:

- 180 companies contacted to request visits
- OED Staff met with 80 companies (44% of all contacted)
- 22 companies (28% of total) were considering a potential expansion within 3 years.
- Average expansion plan was for 30,700 square feet.
- Community Strengths (most often cited): Convenient Location and Growing Community
- Community Weaknesses (most often cited): Traffic and Electric Reliability

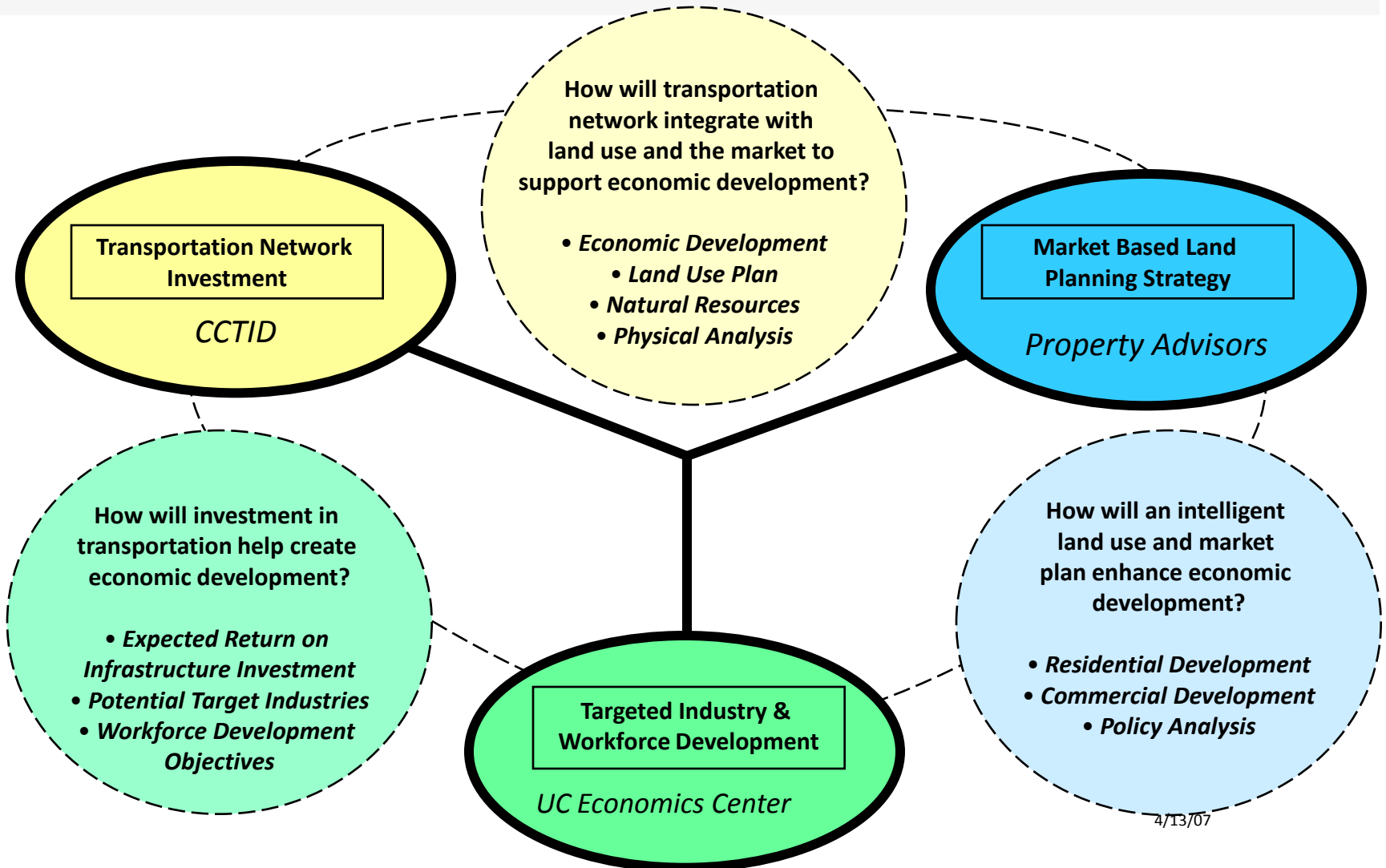
Company Sales Growth

■ Increasing ■ Decreasing ■ Stable



71% of companies (57 of 80) answered Sales Growth questions

“Three-legged Stool”



Transportation Improvement District

- Established June 2006
- implement a regional approach to transportation improvements in support of economic development
- Bank for pooled resources
- Leverage of federal and state funds
- Partnerships with private interests and other public interests

Transportation Investments

- Clermont County Transportation Improvement District (CCTID) established by the Board of Commissioners in June 2006
- Purpose to pool, focus and manage resources for transportation network improvements that support economic development
- County Commissioners, County Engineer, Miami and Union Townships have pledged \$63.5 million to CCTID for 20 years

Clermont County TID Pledged Revenue Summary - March 2009

EXHIBIT A

| Year | Clermont County MVG Funds Pledge | Clermont County Revenue Pledge | Union Township Revenue Pledge | Miami Township Revenue Pledge | Total Annual Pledged Funds | Accumulated Pledged Funds |
|--------|---|---|--|--|-------------------------------------|---------------------------------|
| 2007 | \$ 1,000,000 | \$ 1,000,000 | \$ 100,000 | \$ 100,000 | \$ 2,200,000 | \$ 2,200,000 |
| 2008 | \$ 1,000,000 | \$ 1,550,000 | \$ 100,000 | \$ 100,000 | \$ 2,750,000 | \$ 4,950,000 |
| 2009 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 8,000,000 |
| 2010 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 11,050,000 |
| 2011 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 14,100,000 |
| 2012 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 17,150,000 |
| 2013 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 20,200,000 |
| 2014 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 23,250,000 |
| 2015 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 26,300,000 |
| 2016 | \$ 1,000,000 | \$ 1,350,000 | \$ 100,000 | \$ 600,000 | \$ 3,050,000 | \$ 29,350,000 |
| 2017 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 32,200,000 |
| 2018 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 35,050,000 |
| 2019 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 37,900,000 |
| 2020 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 40,750,000 |
| 2021 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 43,600,000 |
| 2022 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 46,450,000 |
| 2023 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 49,300,000 |
| 2024 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 52,150,000 |
| 2025 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 55,000,000 |
| 2026 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 57,850,000 |
| 2027 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 60,700,000 |
| 2028 | \$ 1,000,000 | \$ 1,350,000 | | \$ 500,000 | \$ 2,850,000 | \$ 63,550,000 |
| Total | \$ 22,000,000 | \$ 29,550,000 | \$ 1,000,000 | \$ 11,000,000 | \$ 63,550,000 | |
| NPV 3% | \$ 8,530,203 | \$ 11,364,487 | \$ 853,020 | \$ 4,161,387 | \$ 46,018,231 | |

THE CLERMONT COUNTY
TRANSPORTATION IMPROVEMENT
DISTRICT:

By: _____
A. Steven Wharton,
Secretary-Treasurer

CLERMONT COUNTY ENGINEER:

By: _____
Patrick J. Manger, P.E., P.S.
Clermont County Engineer

THE BOARD OF COUNTY
COMMISSIONERS OF CLERMONT
COUNTY, OHIO:

By: _____
Edwin H. Humphrey, Commissioner

By: _____
Robert L. Proud, Commissioner

By: _____
R. Scott Croswell III, Commissioner

Clermont County TID Regional Transportation Improvement Program - March 2009

EXHIBIT B

| <u>CAPITAL IMPROVEMENT PROJECTS</u> | <u>PID NO.</u> | <u>Eng. & Env.</u> | <u>R/W Utilities</u> | <u>Construction</u> | <u>Total Cost</u> | <u>Const. Year</u> |
|---|-----------------------|-------------------------------|-----------------------------|----------------------------|--------------------------|---------------------------|
| Eastgate Local Network Improvements TSM | | | | | | |
| Eastgate North Frontage Road | 82555 | \$ 300,000 | \$ 2,000,000 | \$ 2,600,000 | \$ 4,900,000 | 2011 |
| Alcholtz Road Widening | 82554 | \$ 750,000 | \$ 5,000,000 | \$ 6,250,000 | \$ 12,000,000 | 2013 |
| Tina Drive Extension | 82558 | \$ 200,000 | \$ 200,000 | \$ 1,200,000 | \$ 1,600,000 | 2011 |
| Alcholtz Connector | 82553 | \$ 500,000 | \$ 4,000,000 | \$ 5,500,000 | \$ 10,000,000 | 2013 |
| Old SR 74 - Phase 1 (Eastgate to Bach-Buxton) | 82557 | \$ 750,000 | \$ 2,000,000 | \$ 8,750,000 | \$ 9,500,000 | 2013 |
| Clough Pike Widening | 84731 | \$ 391,115 | \$ 1,000,000 | \$ 6,208,000 | \$ 7,599,115 | 2012 |
| Eastgate South Improvements | 82559 | \$ 200,000 | \$ 300,000 | \$ 2,000,000 | \$ 2,500,000 | TBD |
| EASTERN CORRIDOR - PART B | | | | | | |
| Eastern Corridor - Segment IVa Tier 2 PE/EIS | 22972 | \$2,000,000 | | | \$ 2,000,000 | N/A |
| Glen Este-Withamsville Overpass | 22970 | \$ 800,000 | \$ 2,000,000 | \$ 6,000,000 | \$ 8,800,000 | 2014 |
| Bach-Buxton Interchange | 22970 | \$2,000,000 | \$ 5,000,000 | \$38,000,000 | \$45,000,000 | 2013 |
| Alcholtz Road Extension | 82552 | \$ 500,000 | \$ 8,000,000 | \$ 4,500,000 | \$ 13,000,000 | 2013 |
| Old SR 74 Extension to OBS | 82561 | \$ 400,000 | \$ 1,250,000 | \$ 4,700,000 | \$ 6,350,000 | 2013 |
| Old 74 Widening OBS Ext to Armstrong Blvd. | 82582 | \$ 350,000 | \$ 650,000 | \$ 2,500,000 | \$ 3,500,000 | TBD |
| SR 32 CORRIDOR EAST | | | | | | |
| Amelia-Olive Branch Relocation | 82581 | \$ 300,000 | \$ 150,000 | \$ 4,000,000 | \$ 4,450,000 | TBD |
| SR 32 Frontage Road - Bauer to Half Acre | 82586 | \$1,000,000 | \$ 1,000,000 | \$10,000,000 | \$ 12,000,000 | TBD |
| Bauer/Herold Rd. Interchange | 82587 | \$1,200,000 | \$ 1,780,000 | \$13,377,000 | \$ 16,357,000 | TBD |
| Batavia Rd. Interchange | 82588 | \$1,120,000 | \$ 1,447,000 | \$12,594,400 | \$ 15,161,400 | TBD |
| McKeever/Dela Palma | 82589 | \$1,130,000 | \$ 1,319,000 | \$12,612,800 | \$ 15,061,800 | TBD |
| Bauer/SR 32 Intersection | 82590 | \$ 500,000 | \$ 500,000 | \$ 6,000,000 | \$ 7,000,000 | TBD |
| Afton Intermodal Development | | \$ 204,800 | \$ 255,000 | \$ 1,890,200 | \$ 2,350,000 | TBD |
| SR 28 CORRIDOR | | | | | | |
| Business 28 - Phase 1 | 79111 | \$ 566,800 | \$ 1,400,000 | \$ 6,000,000 | \$ 7,966,800 | 2011 |
| Wolfpen - Pleasant Hill Improvements | 82139 | \$ 500,785 | \$ 500,000 | \$ 3,500,000 | \$ 4,500,785 | 2011 |
| SR 28 Improvements - I-275 to Castleberry | 82140 | \$ 386,204 | \$ 500,000 | \$ 2,000,000 | \$ 2,886,204 | 2012 |
| Business 28 - Phase 2 | | \$ 500,000 | \$ 1,500,000 | \$ 4,000,000 | \$ 6,000,000 | TBD |
| SR 28 Improvements (BHG Rd to Goshen Rd) | 82563 | \$ 750,000 | \$ 750,000 | \$ 7,500,000 | \$ 9,000,000 | TBD |
| SR 28 /BHG Intersection Improvements | | \$ 250,000 | \$ 1,837,755 | \$ 1,837,755 | \$ 3,925,510 | 2010 |
| I-275/SR 28 WB/SB Loop Ramp - CCTID Share | 83537 | | | \$ 500,000 | \$ 500,000 | 2011 |
| SR 28 - Charles-Snyder Road | | | \$ 187,100 | \$ 1,900,000 | \$ 2,087,100 | TBD |
| SR 28 - Estates of Goshen Park | | | | \$ 405,000 | \$ 405,000 | TBD |
| SR 131 CORRIDOR | | | | | | |
| SR 131 at McCormick Trail Widening (Grey Cliff) | | | \$88,980 | \$ 250,000 | \$ 318,980 | TBD |
| US 50/SR 131 Intersection (Milford) | | \$ 100,000 | \$ 150,000 | \$ 750,000 | \$ 1,000,000 | TBD |
| US 50 CORRIDOR | | | | | | |
| US 50 - WPH to Round Bottom | | | \$ 50,000 | \$ 550,000 | \$ 600,000 | 2009 |
| US 50 - SR 450/Eastman to Techne Center Dr. | | \$ 200,000 | \$ 200,000 | \$ 1,800,000 | \$ 2,200,000 | TBD |
| Stonelick-Williams Corner Covered Bridge | 83661 | \$ 115,000 | | \$ 360,000 | \$ 475,000 | 2010 |
| Program Management Task Orders | | | | | | |
| Environmental Services | 82577 | \$ 400,000 | | | \$ 400,000 | |
| Integrated Traffic Modeling and Simulation | 82578 | \$ 384,057 | | | \$ 384,057 | |
| Real Estate and ROW Acquisition | 82579 | | \$ 400,000 | | \$ 400,000 | |
| Geotech Services | 82580 | \$ 200,000 | | | \$ 200,000 | |

GOVERNMENT FISCAL STABILITY

Board of County Commissioners Basic Budget Principles:

- County funds do not belong to the Board of County Commissioners or other elected officials but instead to the taxpayers
- Board actions should not only be open and transparent but actively communicated to the public
- Provide best service to taxpayer in most economical fashion (biggest bang for the buck!)
- Manage budget to assure long term economic health and prosperity of the citizens and their government
- Maintain General Fund Balance of 25% of operating revenues.
- Cooperate with elected office holders but “the buck stops here”

Budget Policies

- A General Fund Balance shall be maintained consisting of 25% of the previous year's operating expenses. The Budget Stabilization Fund will be included when measuring to the target number.
- The Board of County Commissioners will not create an ongoing situation where the operating expenses of the General Fund will exceed the operating revenues.
 - The annual appropriation will be limited to prior year actual operating revenue receipts.
 - Occasionally new operating revenues may be generated and appropriated in the same year.

Budget Policies - Continued

- Fund balances below the target level will be raised to target level with subsequent appropriations.
- Any year end surpluses will be applied as follows:
 - Maintain fund balance reserves as established by policy.
 - Fund Building Replacement & Improvement funds.
 - For capital projects and/or “one-time only” General Fund expenditures.
- Economic development activities will continue to be funded through the conveyance fee increase established for that purpose.

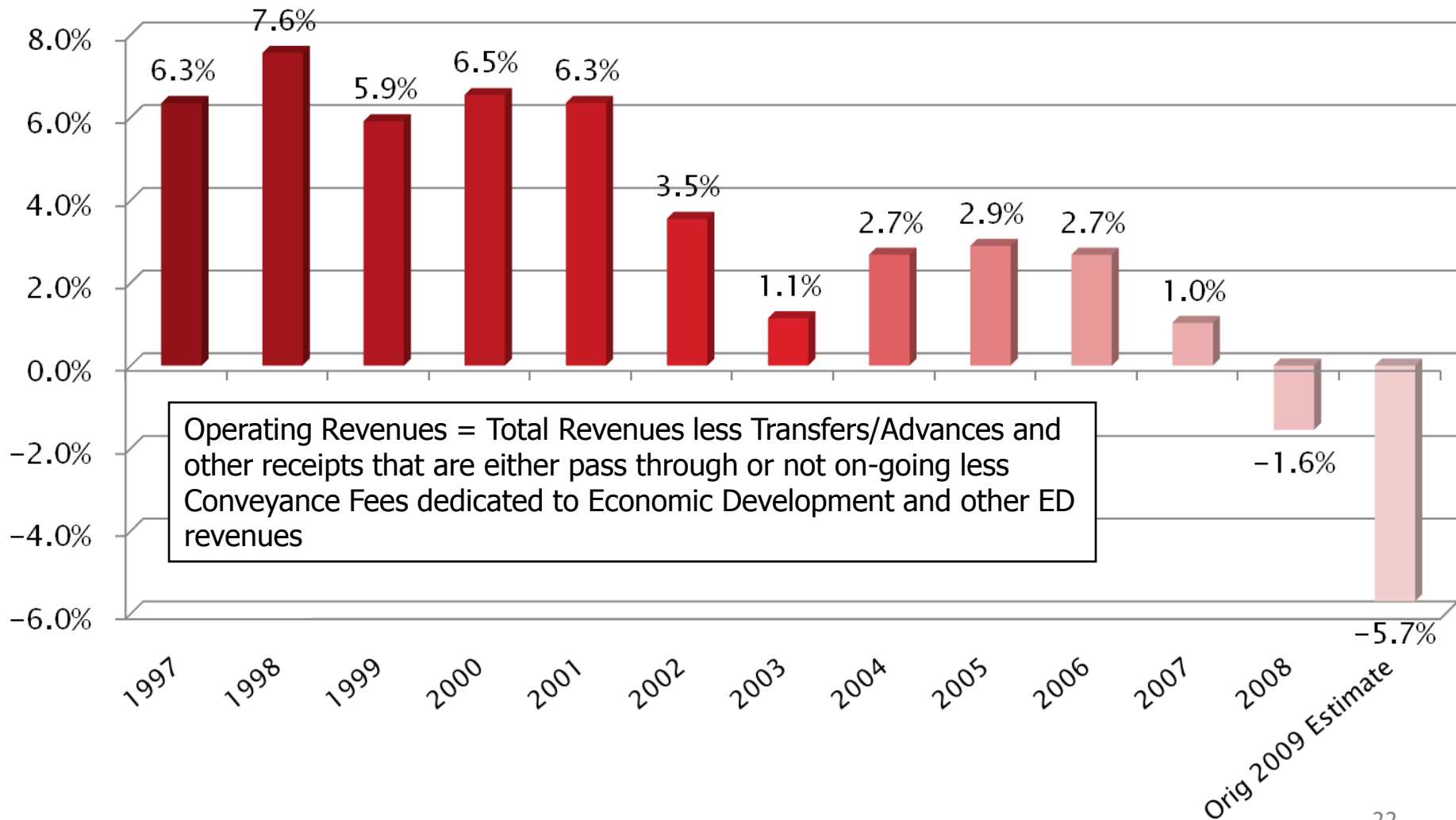
Budget Policies - Continued

- Annual examinations of fees relative to the costs of the services provided.
- In lieu of blanket across the board appropriation reductions, services and programs will be prioritized before cuts are determined.
- Appropriations for salary and fringe benefits shall be as equitable as possible within the entire county operation.

Age of Permanent Fiscal Crisis!

- Health Care Costs – “Health Care Costs Here Skyrocketing” (Cincinnati Enquirer 9/24/08)
- Property Valuation
- Sales Tax “leakage”
- Level of state and federal funding
- Energy and fuel costs
- Cost of children in county custody
- Future capital needs – bonding vs. pay-as-you-go

General Fund Operating Revenue Annual Changes



2009 General Fund

Summary of Original Revenue Estimates

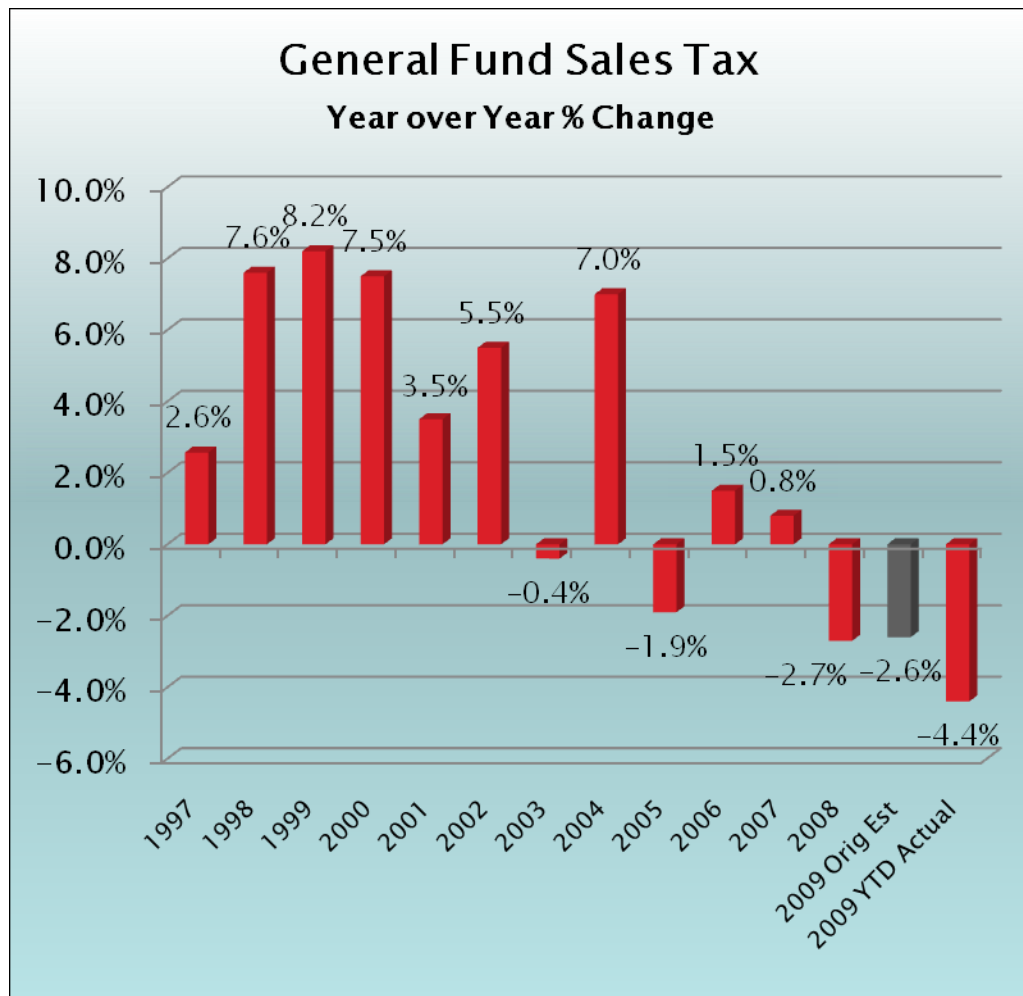
| Revenue Group | 2008 Actual | 2009 Original Estimate | Change from 2008 Actual | % Change |
|------------------------|---------------------|------------------------|-------------------------|----------------|
| Property Taxes | \$ 8,051,775 | \$8,456,250 | \$404,475 | 5.0% |
| Sales Tax | 20,527,118 | 20,000,000 | (527,118) | (2.6%) |
| Licenses & Permits | 1,117,392 | 1,178,592 | 61,200 | 5.5% |
| Intergovernmental | 5,095,138 | 4,959,310 | (135,828) | (2.7%) |
| Charges for Services | 10,084,335 | 9,033,925 | (1,050,410) | (10.4%) |
| Investment Income | 5,007,868 | 3,215,915 | (1,791,953) | (35.8%) |
| Fines & Forfeitures | 1,378,321 | 1,443,000 | 64,679 | 4.7% |
| Other Revenues | 1,134,513 | 1,126,202 | (8,311) | (0.7%) |
| Operating Total | \$52,396,460 | \$49,413,194 | (\$2,983,266) | (5.7%) |
| Non-Operating | 3,040,403 | 1,298,714 | (1,741,690) | (57.3%) |
| Total | \$55,436,863 | \$50,711,908 | (\$4,724,955) | (8.5%) |

2009 General Fund

Feb YTD 2009 vs. Feb YTD 2008

| Revenue Group | FEB 2008 YTD Actual | FEB 2009 YTD Actual | Change from 2008 Actual | % Change |
|------------------------|---------------------|---------------------|-------------------------|----------------|
| Property Taxes | \$ 803 | \$ 901 | \$ 98 | 12.2% |
| Sales Tax | 3,334,582 | 3,185,922 | (148,660) | (4.5%) |
| Licenses & Permits | 175,113 | 87,879 | (87,234) | (49.8%) |
| Intergovernmental | 710,391 | 499,193 | (211,198) | (29.7%) |
| Charges for Services | 1,506,557 | 1,001,129 | (505,428) | (33.5%) |
| Investment Income | 885,622 | 654,796 | (230,826) | (26.1%) |
| Fines & Forfeitures | 225,528 | 207,704 | (17,824) | (7.9%) |
| Other Revenues | 126,440 | 36,480 | (89,960) | (71.1%) |
| Operating Total | \$6,965,036 | \$5,674,004 | (\$1,291,032) | (18.5%) |
| Non-Operating | 237,490 | 296,357 | 58,867 | 24.8% |
| Total | \$7,202,526 | \$5,970,361 | (\$1,232,165) | (17.1%) |

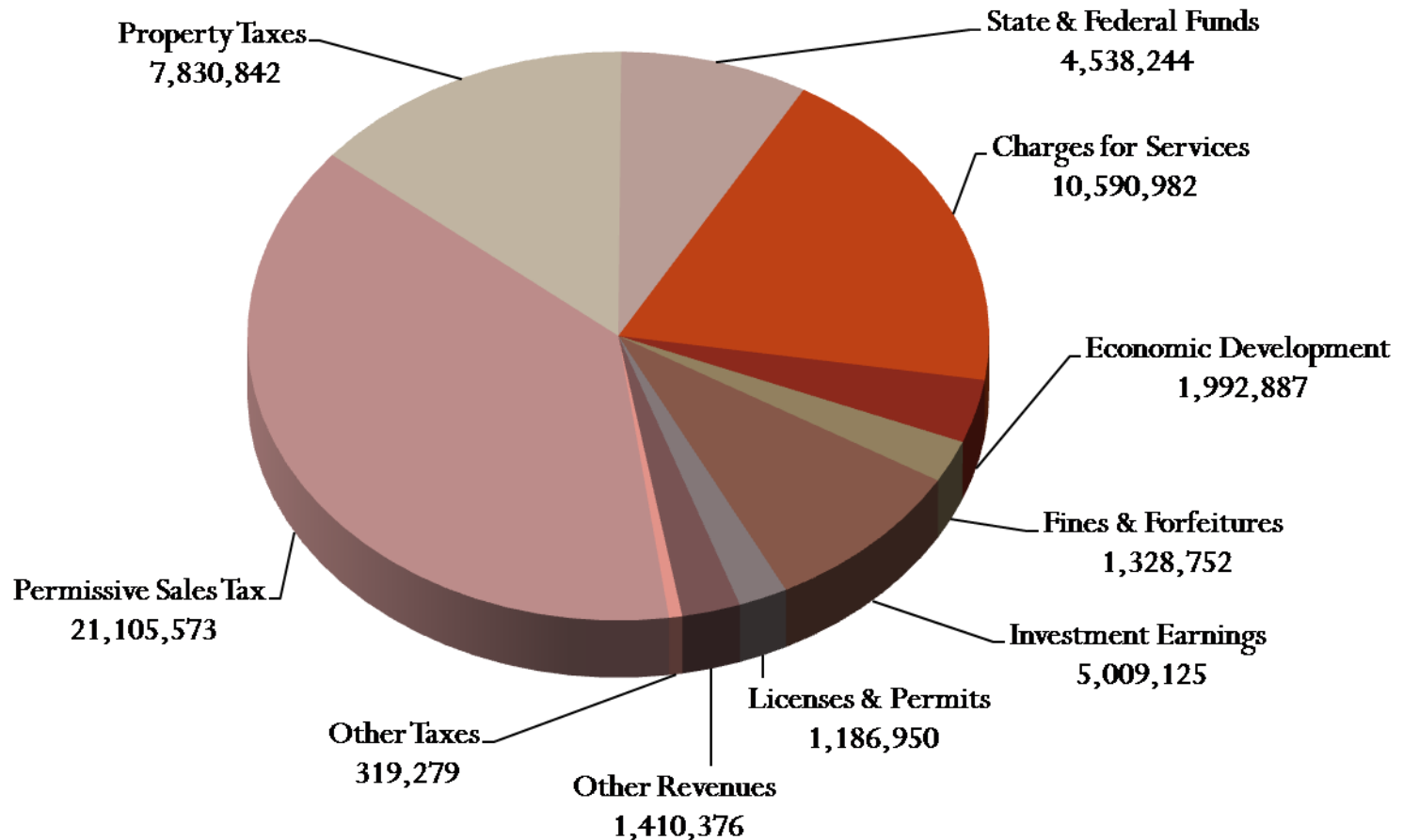
Sales Tax



- The days when 7 - 8% growth in Sales tax brought the General Fund an additional \$1.3M dollars each year are gone
- In 2008 the Sales tax receipts were \$580K less than in 2007
- 2009 Original estimates project a second straight year of reduced revenues - additional \$527K drop - however the YTD actual receipts reflect a much higher reduction than originally planned. If the current rate of decline remains for 2009, receipts would be down \$905K by the end of the year

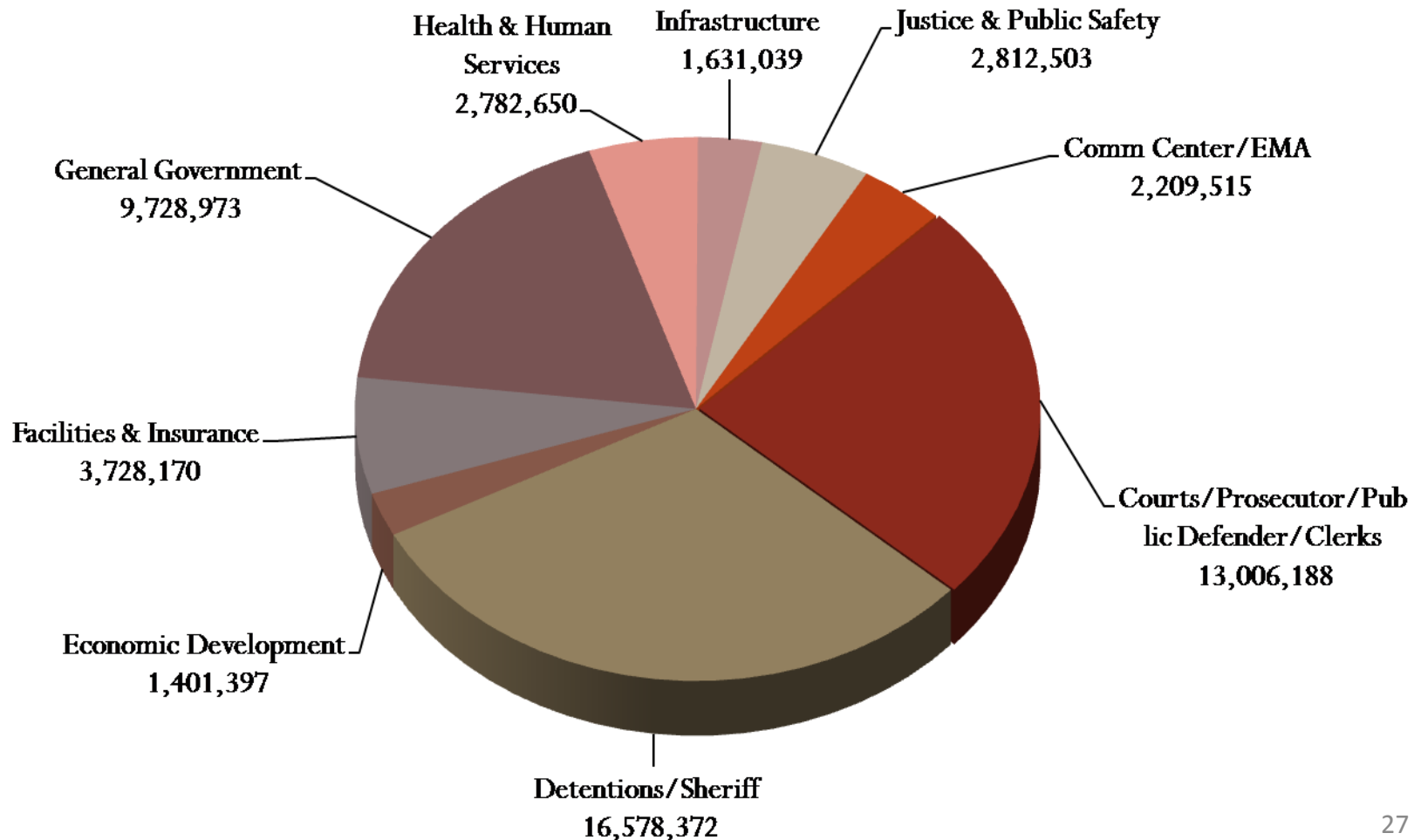
Where Does the General Fund get Money?

2007 Revenues - General Fund
\$55,313,010

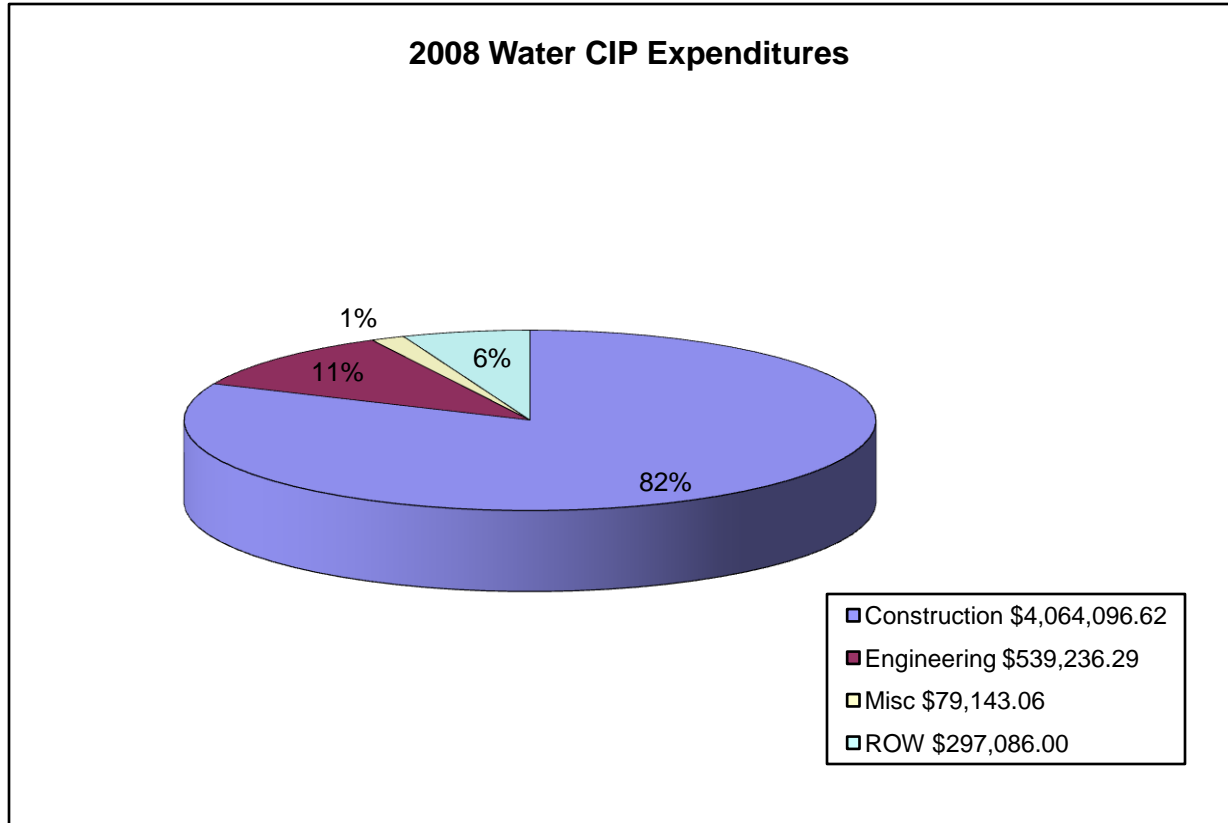


Where Does the General Fund Money Go?

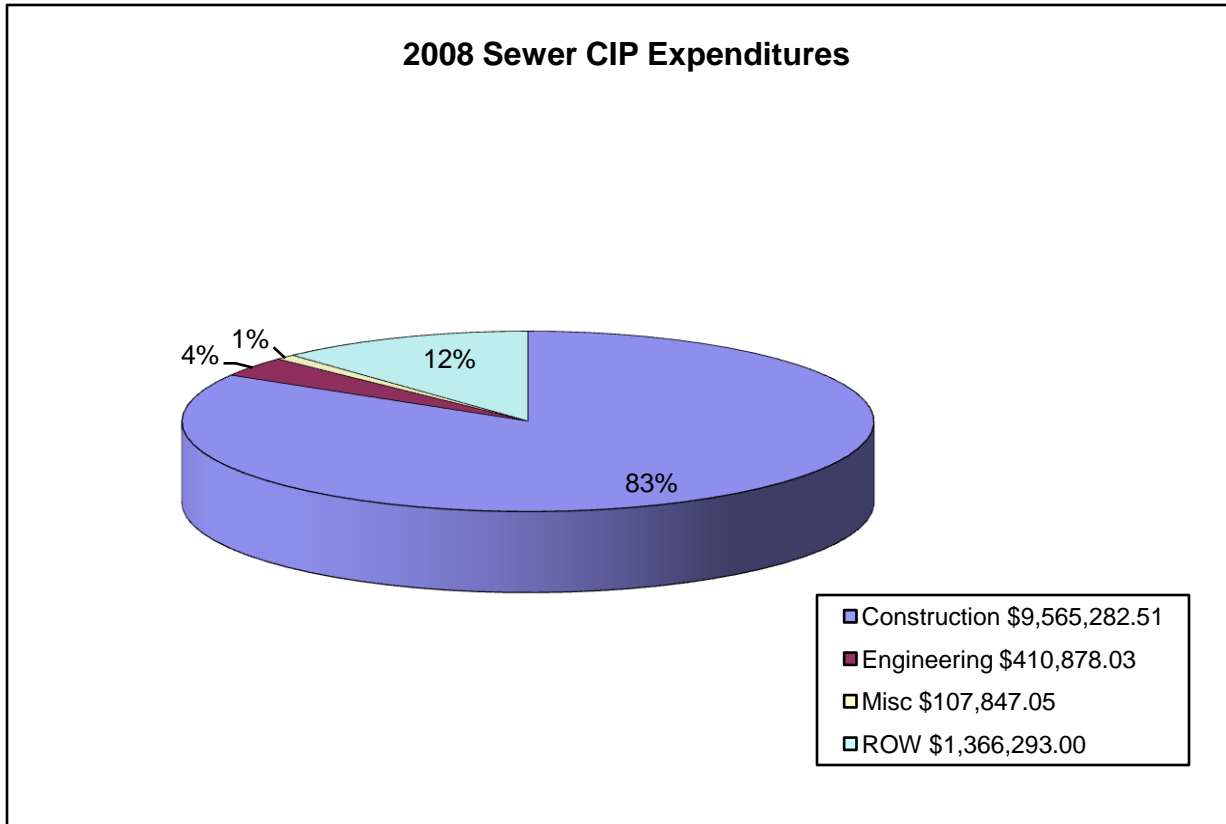
2007 Expenses - General Fund
\$53,878,807



2008 Water Expenditures



2008 Sewer Expenditures

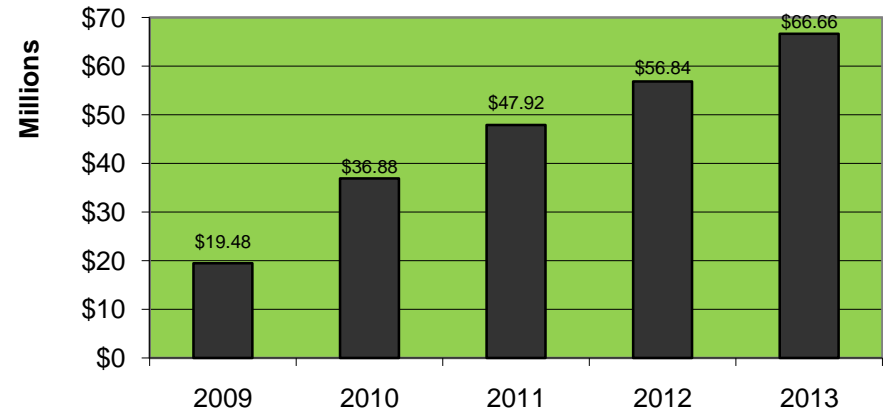


Funding

SEWER

- **Est. 5 yr budget of \$66.7 Million - \$89.7 Available**
- **\$32.4 Million in loans (OPWC / WPCLF)**

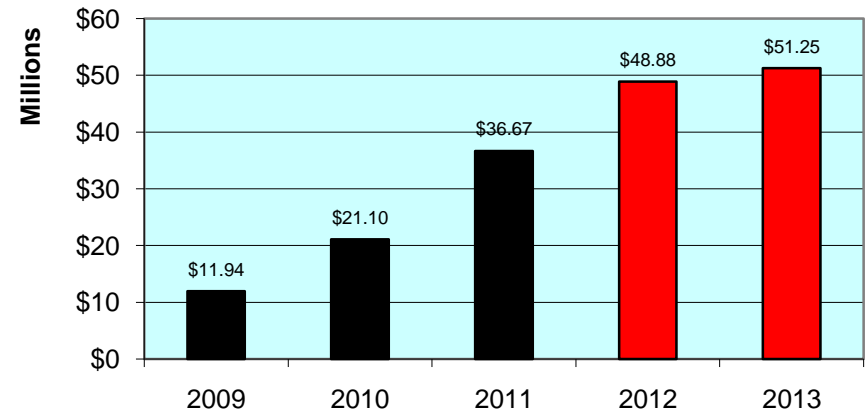
Cumulative Expenditure Plan - Sewer



WATER

- **Est. 5 yr budget of \$51.2 Million - \$47.6 Available**
- **\$22.1 Million in loan from Revenue Bond**

Cumulative Expenditure Plan - Water



Open and Transparent Government

- Quarterly Elected Officials Meetings
- Monthly Evening Meetings
- Office of Public Information
- Expanded use of web site
- TID Public Involvement Program
- Cable Programming